

ECONOMIC DEVELOPMENT & TOURISM

— 2011 Update —



CEDAR
PARK

Table of Contents

INTRO LETTER	1
ECONOMIC DEVELOPMENT & TOURISM TEAM.....	2
WILLIAMSON COUNTY GROWTH SUMMIT WINNERS	4
EXECUTIVE SUMMIT LUNCHEONS.....	6
PROSPECT REPORT	7
TOURISM PROJECT REPORT	10
DATAPPOINTS	11
2011 PROJECTS	13
LOOKING AHEAD	16



Dear Cedar Park Community Member,

The Cedar Park Economic Development & Tourism Department is pleased to present the Cedar Park Economic Development & Tourism 2011 Update. In the past five years, Cedar Park Economic Development has successfully brought projects with 2,483 jobs to the City of Cedar Park, representing new capital investment in our community of over \$290 million dollars. The formal addition of the Tourism Department will help Cedar Park maintain its strategic advantages while addressing market opportunities and bring useful changes to existing practices.

Cedar Park has taken a series of proactive steps to build a diverse business base that takes advantage of its strategic location and the opportunities afforded by the Central Texas economy, but our work would not be possible without the support of the Cedar Park City Council and the dedication of all of the board members on the city's 4A, 4B and Tourism Boards. The City has enjoyed tremendous success in economic development during its history and has too many supporters to name here, but our allies at the Leander Independent School District, the Williamson County Commissioner's Court, the Opportunity Austin program at the Austin Chamber of Commerce, and the Economic Development Staff in Governor Perry's office have all helped us realize our goals and initiatives.

The City of Cedar Park has a tremendous track record of success with its economic base, and its retail sectors in particular. Cedar Park has a growing job base, and a mix of fast-growing global and local businesses and a strong fiscal position by virtue of its high sales tax revenue. I look forward to continuing to work together in growing a quality community, and another record year of retail sales in Cedar Park.

Sincerely,

A handwritten signature in blue ink, appearing to read "Phil Brewer", with a stylized flourish at the end.

Phil Brewer

Director of Economic Development & Tourism

ECONOMIC DEVELOPMENT & TOURISM DEPARTMENT TEAM

Phil Brewer has been involved in economic development from the community level to the state level for over 25 years. He was the Senior Economic Development Consultant and the Director of National/International Business Development at the Texas Department of Commerce for over 9 years.

Upon leaving the state Phil spent 10 years as the President of the Round Rock Chamber of Commerce and was responsible for over 60 relocations and expansions (including Dell Computer and the Round Rock Express) representing over 18,000 direct jobs and total capital investment of over \$750 million.

Phil has served as the Director of Economic Development for the City of Cedar Park since 2005. In that time, he has successfully worked on projects that have created over 1,800 jobs and a capital investment of over \$250 million. Brewer was the project leader for the \$55 million Cedar Park Center that opened in September 2009. The 6,800 multi-purpose center is a public/private partnership between the City of Cedar Park and the Hicks Sports Group. Over the years Brewer has served on a number of statewide and regional boards for economic development and chambers of commerce.

Larry Holt is the Economic Development Specialist with the City of Cedar Park. Holt has over 10 years of economic development experience, having previously served as the Director of Research & Business Retention for the Birmingham Regional Chamber of Commerce. In Birmingham, Holt produced the regions first Benchmark report, oversaw Business Retention efforts, and organized a public/private review of all Planning, Engineering, and Permits for the City of Birmingham.

His current duties include working with current and future employers in the City of Cedar Park, and insuring excellent customer service for Cedar Park's business community. In addition,

Holt is responsible for marketing the community to internal and external stakeholders. Larry graduated from the University of South Alabama in 1995 with a B.A., and is a member of the Texas Economic Development Council's Emerging Technology Committee, and serves on the advisory council for the Leander Excellence in Education Foundation.



Duane Smith serves as the Tourism and Community Development Manager for the City of Cedar Park. Duane is the primary staff liaison for the Tourism Advisory Board and the Cedar Park Community Development (4B) Corporation.

Duane has over 30 years of experience in State and Local government administration and management, having served in a variety of capacities including City management; Tourism Specialist; Planning Director; Economic Development; Community Development; and Legislative Affairs. Duane has a Bachelor of Science Degree from Southwestern Oklahoma and a Master of Science from Texas A&I University.



Katie Krampitz is the Tourism Services Manager for The City of Cedar Park, Texas. She graduated from Texas A&M University in College Station with a BS in tourism resource management in 2010. Katie commenced her official tourism

management career after graduation, joining the New Braunfels Convention and Visitors Bureau team. A year later, Katie moved to Cedar Park to manage the Cedar Park Chamber of Commerce Convention and Visitors Bureau and on Oct. 1,

she joined The City of Cedar Park as the first-ever Tourism Services Manager.

WILLIAMSON COUNTY GROWTH SUMMIT WINNERS

The Annual Williamson County Growth Summit hosted by the Austin Business Journal provides recognition each year to projects with the greatest economic impact in Williamson County.

2011 Cedar Park Economic Impact Winner: Fallbrook Technologies

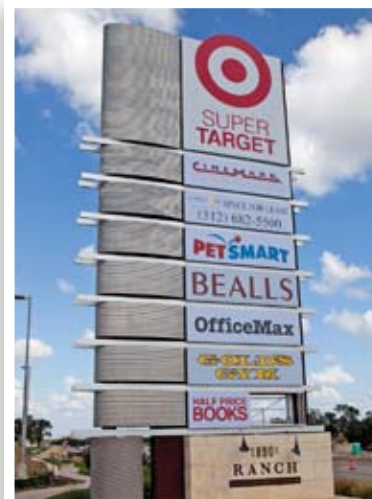


The City of Cedar Park recently announced plans for Fallbrook Technologies to open a Corporate Operations Center in the City. Fallbrook Technologies, which already employs close to 60 workers at its existing research and development/fabrication/test and manufacturing facilities in Cedar Park, is a clean energy company

that uses its propriety NuVinci® technology to improve the performance and efficiency of transmissions for the automotive, electric vehicle, bicycle and wind markets. The expansion will provide 65 additional clean tech jobs in Cedar Park. The Operations Center will be located at the former Foxworth Facility on Brushy Creek Road. Fallbrook Technologies will invest \$5.5M in its plant and equipment, a renovation of the former Foxworth facility, and employ 125 employees in the City of Cedar Park.

2010 Cedar Park Economic Impact Winner: 1890 Ranch

1890 Ranch is Cedar Park's largest lifestyle center, at just over 900,000 SF. 1890 opened in May 2008, and is anchored by Super Target, Cinemark Movie Theater, Office Max, Academy Sports and Gold's Gym. The project was developed by Endeavor Real Estate Group of Austin, developer of the Domain, and is located at the intersection of 1431 and the new north/south commuter toll road, 183A.



1890 Ranch Sales Tax Generation 2009-2011: \$5,462,192

2009 Cedar Park Economic Impact Winner: Cedar Park Events Center

The \$55 million dollar Cedar Park Center opened on Sept. 25, 2009. To date, The Cedar Park Center has hosted over 230 events with nearly 1,000,000 attendees in our first two years of operating. In 2008-09 the Center held 103 events with 460,000 attendees, and in 2009/10 the Center held 130 events with 500,000. The Cedar Park Center



is a multi-purpose event center on city-owned property at the corner of New Hope Drive and Toll Road 183A. The indoor event center is 181,000 square feet, with 6,800 seats, 24 luxury suites, a center hung scoreboard, conference and meeting space, and 2,500 parking spaces immediately adjacent to the building. The event center hosts 40 regular season games plus pre-season and playoff games for the Texas Stars, American Hockey League affiliate of the Dallas Stars and the Austin Toros, the San Antonio Spurs developmental team. The arena also hosts numerous family events, such as concerts/live entertainment, rodeo, ice shows, basketball, graduations, trade shows and more. The Events Center is a partnership of The City of Cedar Park, Texas and Hicks Cedar Park, LLC, an affiliate of the Hicks Sports Group (HSG).

Cedar Park Center Events Held Since Opening in 2008: 230

2008 Cedar Park Economic Impact Winner Cedar Park Regional Medical Center



Cedar Park Regional Medical Center, a joint venture of Community Health Systems and the Seton Family of Hospitals, opened in December 2007. The new hospital features state-of-the-art surgical suites and user-friendly patient rooms. The hospital currently employs 300 and operates 75 beds, expanding to 150 beds in the future. Cedar Park Regional

Medical Center boasts advanced surgical and patient facilities, emergency facilities and physicians in over 25 specialties. Cedar Park Regional Medical Center has surpassed official expectations so far with over 800 surgeries and 10,000 emergency room patients.

EXECUTIVE SUMMIT LUNCHEONS

The Austin Chamber's Intercity Visit to Minneapolis was the inspiration for having a regular forum for executives to meet with government. The City of Cedar Park held two Executive Summit Luncheons last year. Luncheons offer Cedar Park Business executives the opportunity to learn more about



community issues. At the first luncheon in January, executives were briefed by Clint Smith of Hillco Partners on potential legislation that could impact business. At the second luncheon, held in August, Dr. Brett Champion, superintendent of the Leander Independent School District addressed workforce preparedness programs at LISD. Staff also provided the group with a marketing piece designed just for that event, and City Manager Brenda Eivens updated the group at each event on city projects that impact the business community. These events have been very successful, and the feedback from those in attendance has been overwhelmingly positive. Many of Cedar Park's best economic development opportunities originate from its existing businesses and the city plans to continue this successful program.

PROSPECT REPORT

The Cedar Park Economic Development and Tourism department closely tracks prospects and leads throughout the year, from potential major employers to visitors requesting more information on visiting the City of Cedar Park. Development activity is strong, and the city ended the year with 13 active prospects representing 2,615 jobs. The city also had 6,235 inquiries from potential visitors over the past year.

Retail Developments

Economic Development staff continues to work with developers, brokers, and shopping center owners on major retail developments. Staff also tracks all existing retail centers and tenants, and provides City Leadership with current market intelligence. Cedar Park Economic Development staff frequently provides assistance to both the broker community and potential tenants, and markets the City of Cedar Park at numerous events throughout the year. Staff continues to assist projects during the development process.

Retail Success Story: Bellini Grill.

Economic Development staff worked with the owner in resolving parking issues with a potential location, and Bellini Grill was able to open its doors to the public in November 2011.



Primary Employer Developments

Economic development staff participated in numerous events to market Cedar Park to a broad audience of commercial brokers, site selection consultants and company executives. These events allow staff to provide insight into existing development opportunities in the City of Cedar Park, and learn more about current development opportunities. Economic Development staff also interacts with Cedar Park's business community to proactively resolve any issues that may arise, and assist in any future expansions.



Employer Success Story: Razer

Technologies. City staff assisted Razer Technologies when their new Texas R&D facility experienced issues getting internet access, and staff was able to expedite that process, allowing Razer to open in July 2011.

Trade Show and Event Participation

Texas One Site Selectors Event

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Texas One, the state's lead recruiting agency, hosted a corporate site selector's event in January, hosting a number of events. City staff attended the welcome reception as well as the employer's panel featuring Dimensional Fund Advisors and others who had selected Central Texas for relocations and expansions. Staff had numerous opportunities to interact with the attending consultants and key project managers from the Governor's office.

Texas One California Recruiting Trip

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In April, the Texas Secretary of State led a Texas One recruiting trip to Los Angeles that was attended by the City of Cedar Park. The delegation held meetings with site selection consultants from Deloitte, Ernst & Young, CBRE and RHS Group. The consultants reported there were numerous opportunities for corporate relocations, and California is seen as particularly hostile towards business.



International Council of Shopping Centers Conference

The annual ICSC conference is a key opportunity to market the City of Cedar Park to the retail development community. The city was represented at the conference by City Council member Matt Powell, City Manager Brenda Eivens and Economic Development and Tourism Director Phil Brewer. The city had numerous appointments including a full-service hotel meeting driven by the planned water park, In and Out Burger and Trader Joes, 2 major California companies with indefinite expansion plans. The city was able to develop a lead that represents a \$20-\$30 million dollar project.

Opportunity Austin, Showcase Austin

City staff participated in the Austin Chamber's 8th annual Showcase Austin event in September 2011. Showcase Austin is Opportunity Austin's signature marketing event which brings in leading site selection consultants from around the country to see firsthand what makes Central Texas a unique location for business. This year's event featured corporate site selectors from nationally recognized firms such as McAllum Sweeney Consulting, C.B. Richard Ellis, & Deloitte Consulting. Cedar Park Economic Development staff attended both the welcome reception and the breakfast round table events at the Driskill Hotel in Austin.

Game Developers Conference

In October, several hundred game developers from around the country attended the Game Developers Conference at the Austin Convention Center. The Governor's Office of Economic Development and Texas Film Commission shared a booth at show and



provided passes to the City of Cedar Park. City staff attended the Expo and enjoyed networking opportunities with exhibitors from leading US and International mobile and interactive game developers, as well as staff from the Governor's Office.

TOURISM PROJECT REPORT

The First annual LISD/Rouse High School Volleypalooza Volleyball Tournament was held during the dates of August 25, 26 and 27. Twenty-eight teams registered and participated in the three day event.

Originally the tournament organizer anticipated 40 rooms booked for two nights, for a total of 80 room nights. The end results were at least 67 rooms booked with a resulting lodging impact of 134 room nights at local hotels.

According to tournament participants, twenty-three of the twenty-eight teams were from another city/county and a total of 425 players participated in the event. In addition to room accommodations, teams ate lunch and dinner at local restaurants and three teams went to the movies on Thursday and Friday evening.

Marketing efforts included posting of the Cedar Park Fun logo on the tournament web site with a direct link to our web site. Cedar Park accommodations were posted on the tournament web site with links to each of the hotels. The Cedar Park Fun logo was printed on T-shirts, and an ad promoting Cedar Park was printed in the official program. Three Cedar Park hotels had ads in the program as well. In addition, posters were placed through-out the tournament sites and in communications with coaches, Coach Thompson consistently encouraged teams and parents to visit the Cedar Park Fun web site and to support Cedar Park businesses.

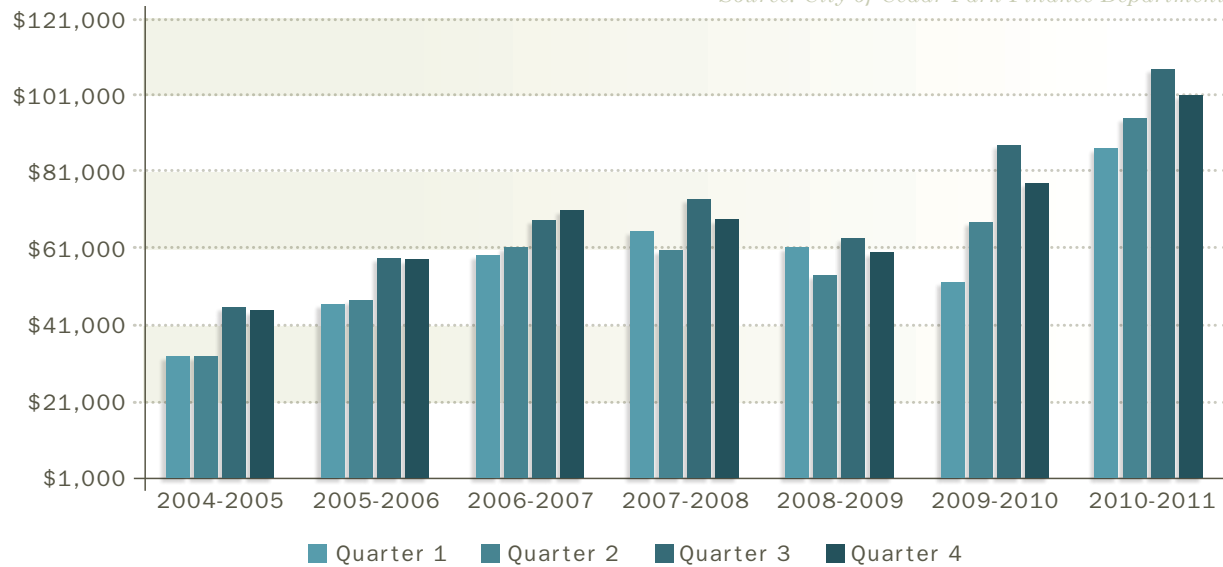
In addition, the Cedar Park Tourism Board advertised the City in a number of publications this past year, including Austin Monthly, Community Impact Papers, San Antonio Magazine, Southern Living, Southwest Spirit Magazine, Texas Monthly and the Austin American-Statesman.



DATAPOINTS

Occupancy Tax Quarterly History

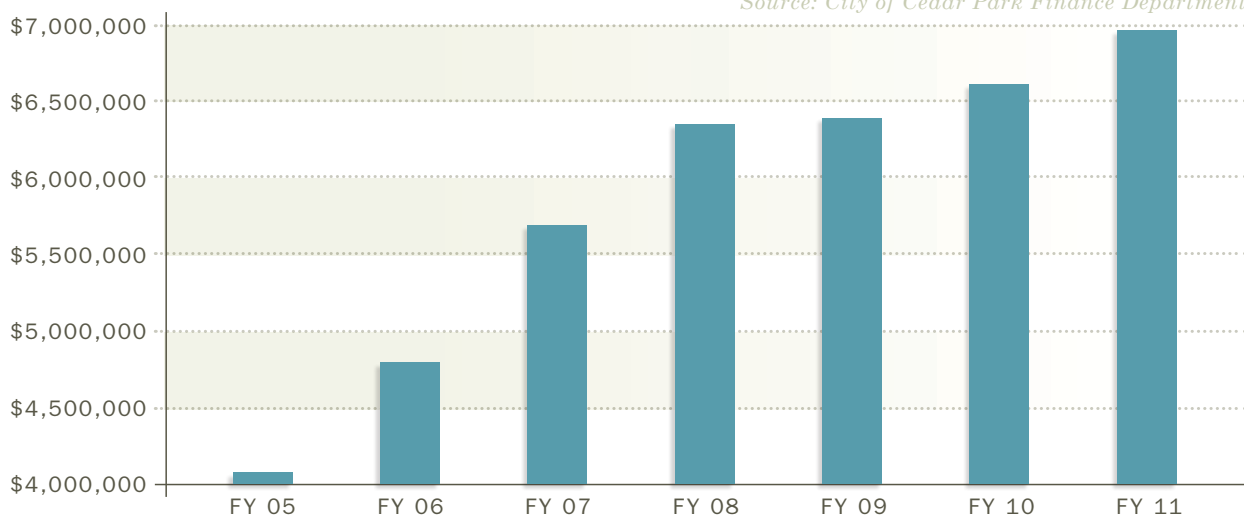
Source: City of Cedar Park Finance Department



The City continues to see strong growth in Hotel Occupancy Tax collections, with 6 hotels featuring 391 rooms now servicing the city.

General Fund Sales Tax Annual Growth

Source: City of Cedar Park Finance Department



The City of Cedar Park weathered the national downturn better than many of its peers, and sales tax collections grew 8.9% from FY 2009 to FY 2011.

Employment in the City of Cedar Park

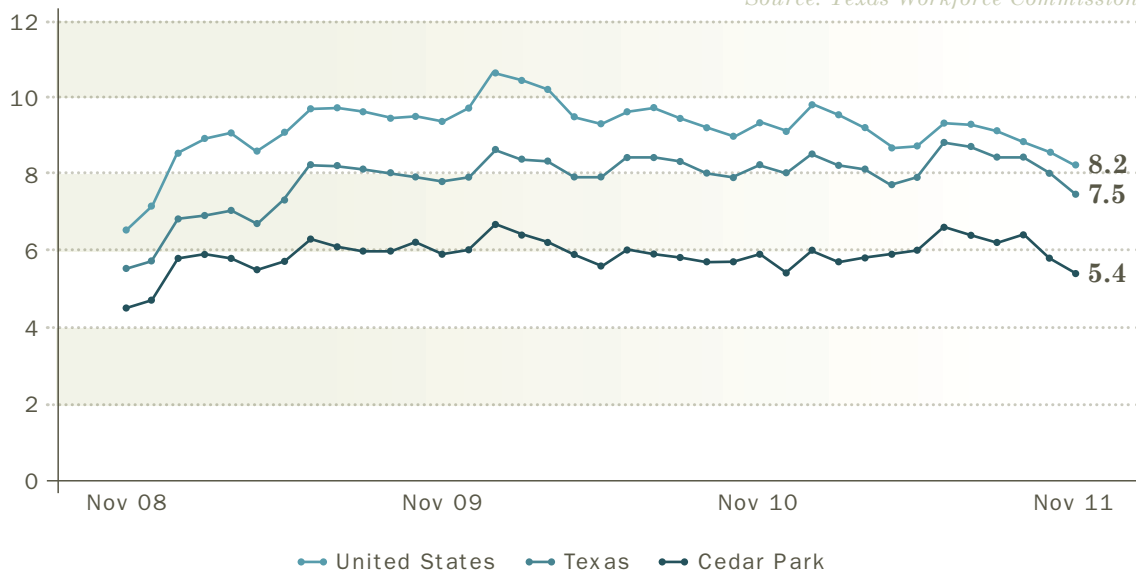
Source: US Census Bureau & Texas Workforce Commission



City employment data is compiled by the Texas Workforce Commission, and is delayed by two years. Nevertheless, this is an important dataset that provides strong evidence of Cedar Parks continued employment growth.

Unemployment Rates Nov 2008 – Nov 2011

Source: Texas Workforce Commission



This data is the most current unemployment rate for all residents of Cedar Park. Texas outperformed the U.S. throughout, and Cedar Park has recently seen its unemployment rate fall back under 6%, to 5.4%. Cedar Park's low unemployment rate indicates high demand for the skills and education of local residents.

2011 ECONOMIC DEVELOPMENT PROJECTS

Project In Depth

Fallbrook Technologies Inc. is a leading cleantech development company dedicated to improving mechanical transmission-based products. The Company's core technology is its NuVinci® continuously variable planetary transmission (CVP). Fallbrook's engineering and R&D operations are based in Cedar Park. This facility is where Fallbrook's breakthrough NuVinci continuously variable planetary (CVP)



technology takes shape. The award-winning technology has been recognized as revolutionary and is potentially applicable to any product that uses a transmission including bicycles, light electric vehicles, outdoor power equipment, agricultural equipment, automobiles, and wind turbines among others. Fallbrook partners with other companies to commercialize its NuVinci technology and provides design, development and manufacturing support. In addition, it manufactures and markets NuVinci drivetrains for the bicycle and LEV (light electric vehicle) industries. Fallbrook currently holds over 325 patents and pending applications worldwide.

Fallbrook is headquartered in San Diego and maintains its engineering, operations and customer support in Cedar Park where they employ 65 people. In 2011 Fallbrook expanded their Operations Center to the former Foxworth-Gilbraith facility on Brushy Creek and the 183A Tollway and acquired Hodyon, a manufacturer of auxiliary power units for tractor trailer trucks and relocated their operations to the facility also. Below is a timeline of some of the most important milestones in this expansion.

Fallbrook Technologies, Inc. Timeline Aug 2008 – May 2011



Tolteq

Tolteq is a privately held company that manufactures Measurement While Drilling (MWD) equipment which is essential for oil and gas drilling rigs performing directional drilling. Tolteq moved into their new 20,000 square foot facility located on BMC Drive in November 2011. The expansion into their new facility will allow Tolteq to continue to grow their operations in Cedar Park while providing an essential service to their expanding customer base.



Reunion Grill



The 4B Board approved an infrastructure reimbursement for the new Reunion Grill restaurant, a new destination project for the city. The board will reimburse the developer for upgrading CR 180 to commercial collector standards. The Reunion Grill developers are successful restaurateurs in Austin who have previously developed Peche, Moonshine Grill and the Cedar Street Courtyard in Austin, and believe Reunion Grill will be similarly successful, due to the recent opening of the Cedar Park Center.

LOOKING AHEAD

Cedar Park is a community that has benefited tremendously from prescient decisions made many years ago. These decisions included establishing high standards for retail development and pursuing opportunities such as 1890 Ranch to enlarge the sales tax base. The City of Cedar Park has been proactive in creating its own opportunities afforded by dedicating sales tax to foster economic and community development in the City of Cedar Park. The New Year presents many opportunities to be equally forward thinking by taking a strategic approach to its current and future economic development challenges. Listed below are just a few of the projects that will define the city for years to come.

Schlitterbahn Water Park

The City of Cedar Park and Schlitterbahn Waterpark Resorts announced plans on January 28, 2010 for the Schlitterbahn Boutique™ Hotel and Conference Center



in Cedar Park. The original project called for a \$360 million resort with lodging, retail, restaurants, and a conference center. The original project was approved unanimously by the Cedar Park city council, but to date has not broken ground.

The city now anticipates that the Schlitterbahn Cedar Park Waterpark build out will be a \$75 million 16-acre Schlitterbahn indoor/outdoor convertible water park. Although there is no update at this time, city officials continue to work on what would be one of the largest private investments in the city's history, and hope to update the community soon.

Wal-Mart, HEB and Costco

2011 ended with three major new retail announcements for the City of Cedar Park, reflecting the desirability of the city as a place to do business. Wal-Mart announced plans for a new supercenter (over 150,000 square feet) at the booming 1431/Parmer intersection, which was quickly followed by HEB announcing a \$12.5 million

expansion of its facility, also at 1431/Parmer. Both are expected to begin construction immediately. The Town Center section of the city also received a boost when it was announced that the popular membership club Costco plans a new facility in the Town Center at the 1431/183A intersection; construction is expected to begin this summer.

New City Hall Campus & New City Website

To meet the growing needs of Cedar Park, officials purchased the Galleria at Red Oaks, located at 450 Cypress Creek. The new City Hall complex will house all of the departments that are in the current City Hall, including the city secretary's office, the city manager's offices, utility billing, engineering, planning, legal, communications, tourism, economic development, human resources, code enforcement, building inspections, finance, and information technology, as well as city council chambers, which are currently located at the library. The City will move into the new complex in the Spring of 2012.

The City is also currently overhauling its website. The new design will reflect the high standards of design its highly educated population demands, and bring many new services to citizens and other stakeholders. The new website will launch in the Spring of 2012.



Cedar Park has a very strong foundation in place for continued economic development success in the City. The labor force, housing, and existing business base all provide a multitude of opportunities for business development, while providing a high quality of life for residents. The challenge facing Cedar Park is in maintaining its strong competitive position and taking advantage of new business opportunities, while ensuring continued success for its strongest industry sectors and businesses. Forward thinking has helped build Cedar Park into a desirable place to live and conduct business, and will continue to help the city maintain and build upon that success.